

U.S.-Korea Free Trade Agreement

Market Access Results

Medical Equipment

Trade and Tariffs

This sector is defined by the World Trade Organization's Uruguay Round sector agreement on medical equipment.

Medical equipment accounted for 2.8 percent of average U.S. industrial exports to Korea in 2003-2005, totaling \$700 million. The top U.S. exports in this sector include surgical instruments, electro-diagnostic apparatuses, mechano-therapy appliances, and certain laboratory reagents. Korean tariffs range between zero and 50 percent, with an average of 5.4 percent.

Korean exports in this sector averaged \$218 million in 2003-2005, or less than one percent of total Korean industrial exports to the United States. Top Korean exports in this sector include electro-diagnostic apparatuses, ultrasonic scanning devices, and mechano-therapy appliances. As a signatory of the Uruguay Round sectoral agreement on medical equipment, the United States maintains zero tariffs on goods in this sector.

Tariff Elimination

Industrial tariffs will be phased out according to seven tariff elimination categories: immediate elimination; linear cuts over three, five, or ten years; or nonlinear cuts over ten, twelve, or fifteen years. Tariff elimination under the nonlinear ten-year staging category will proceed with a 5 percent cut in the tariff in years one and two, a 7 percent cut in years three through five, a 10 percent cut in years six and seven, a 12 percent cut in year eight, a 17 percent cut in year nine, and a 20 percent cut in year ten. Tariff elimination under the nonlinear twelve-year staging category will proceed with 25 percent cuts in years nine through twelve. Tariff elimination under the nonlinear fifteen-year staging category will proceed with 20 percent cuts in years eleven through fifteen.

For medical equipment, 43.4 percent of U.S. exports by value will receive duty-free treatment immediately upon implementation of the Agreement. Tariffs on 40.3 percent of exports will be eliminated over three years, and tariffs on 5.6 percent will be eliminated over five years. Duties on the remaining 10.7 percent of U.S. medical equipment will be eliminated in linear cuts over ten years. Tariffs on high-priority U.S. products such as certain ordinary surgical equipment, electro-diagnostic equipment, and lab reagents will be eliminated within three years of implementation of the Agreement.

All U.S. imports from Korea will continue to receive duty-free treatment following implementation of the Agreement.

Non-Tariff Barriers

Korea will allow the importation of remanufactured medical equipment, as defined in Chapter Six - Rules of Origin, on entry into force of the Agreement.